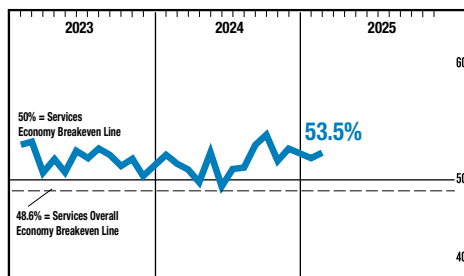


SERVICES PMI® at 53.5%

In February, the Services PMI® registered 53.5 percent, a 0.7-percentage point increase compared to the January reading of 52.8 percent. A reading above 50 percent indicates the services sector economy is generally expanding; below 50 percent indicates it is generally contracting. The past relationship between the Services PMI® and the overall economy indicates that the Services PMI® for February (53.5 percent) corresponds to a 1.6-percentage point increase in real gross domestic product (GDP) on an annualized basis.



Economic activity in the services sector expanded for the eighth consecutive month in February, say the nation's purchasing and supply executives in the latest Services ISM® Report On Business®.

The Services PMI® registered 53.5 percent, indicating expansion for the 54th time in 57 months since recovery from the coronavirus pandemic-induced recession began in June 2020. The Business Activity Index registered 54.4 percent in February, 0.1 percentage point lower than the 54.5 percent recorded in January. This is the index's 57th consecutive month of expansion. The New Orders Index recorded a reading of 52.2 percent in February, 0.9 percentage point higher than the January figure of 51.3 percent. The Employment Index remained in expansion territory for the fifth consecutive month; the reading of 53.9 percent is a 1.6-percentage point increase compared to the 52.3 percent recorded in January. The Prices Index registered 62.6 percent in February, a 2.2-percentage point increase from January's reading of 60.4 percent. The Inventories Index returned to expansion territory in February, registering 50.6 percent, an increase of 3.1 percentage points from January's figure of 47.5 percent.

The 14 services industries reporting growth in February — listed in order — are: Other Services*†; Finance & Insurance; Wholesale Trade; Utilities; Agriculture, Forestry, Fishing & Hunting; Mining; Real Estate, Rental & Leasing; Health Care & Social Assistance; Construction; Transportation & Warehousing; Accommodation & Food Services; Professional, Scientific & Technical Services; Information; and Public Administration. **ISM**

*Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services and Dating Services).

Services at a Glance

INDEX	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
Services PMI®	53.5	52.8	+ 0.7	Growing	Faster	8
Business Activity	54.4	54.5	- 0.1	Growing	Slower	57
New Orders	52.2	51.3	+ 0.9	Growing	Faster	8
Employment	53.9	52.3	+ 1.6	Growing	Faster	5
Supplier Deliveries	53.4	53.0	+ 0.4	Slowing	Faster	3
Inventories	50.6	47.5	+ 3.1	Growing	From Contracting	1
Prices	62.6	60.4	+ 2.2	Increasing	Faster	93
Backlog of Orders	51.7	44.8	+ 6.9	Growing	From Contracting	1
New Export Orders	52.1	52.0	+ 0.1	Growing	Faster	3
Imports	49.6	49.8	- 0.2	Contracting	Faster	2
Inventory Sentiment	54.7	53.5	+ 1.2	Too High	Faster	22
Overall Economy				Growing	Faster	57
Services Sector				Growing	Faster	8

*Number of months moving in current direction. Services ISM® Report On Business® data has been seasonally adjusted for the Business Activity, New Orders, Employment and Prices indexes.

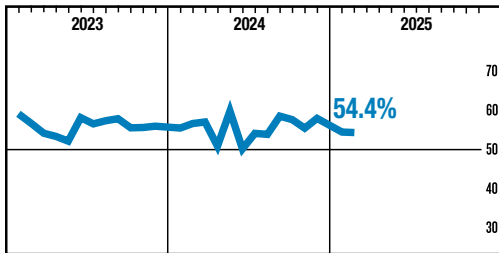
Commodities Reported

Commodities Up in Price: Aluminum (2); Aluminum Products; Beef; Computers and Peripherals; Copper; Corn; Corn Based Products; Corrugate; Diesel Fuel (3); Eggs; Food and Beverages; Fuel; Gasoline (2); IV Solutions; Labor (51); Labor — Construction (3); Labor — Technical; Lumber* (6); Oil and Related Products (2); Oriented Strand Board (OSB) Panels; Stainless Steel Products; and Steel Products (2).

Commodities Down in Price: Lumber* (2).

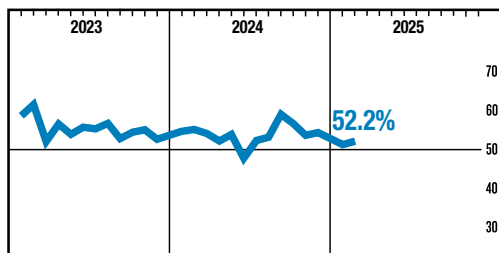
Commodities in Short Supply: Eggs; IV Solutions (5); Labor; Labor — Construction (3); Labor — Technical; and Transformers (9).

Note: To view the full report, visit the ISM® Report On Business® website at ismrob.org
The number of consecutive months the commodity has been listed is indicated after each item. *Indicates both up and down in price.



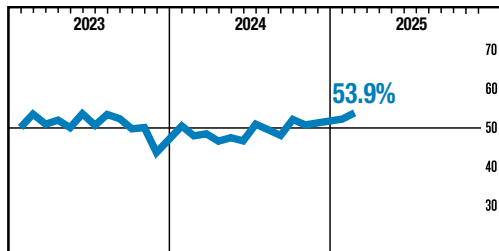
Business Activity

ISM's Business Activity Index registered 54.4 percent. The nine industries reporting an increase in business activity for the month of February — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Other Services^{††}; Transportation & Warehousing; Finance & Insurance; Accommodation & Food Services; Health Care & Social Assistance; Wholesale Trade; Utilities; and Professional, Scientific & Technical Services.



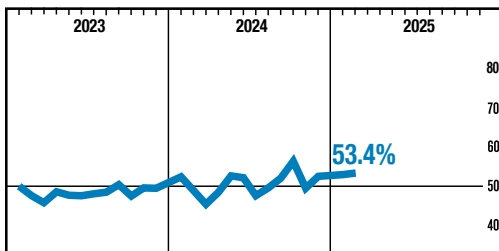
New Orders

ISM's New Orders Index registered 52.2 percent. The 11 industries reporting an increase in new orders for the month of February — listed in order — are: Mining; Construction; Finance & Insurance; Agriculture, Forestry, Fishing & Hunting; Other Services^{††}; Health Care & Social Assistance; Wholesale Trade; Utilities; Public Administration; Transportation & Warehousing; and Professional, Scientific & Technical Services.



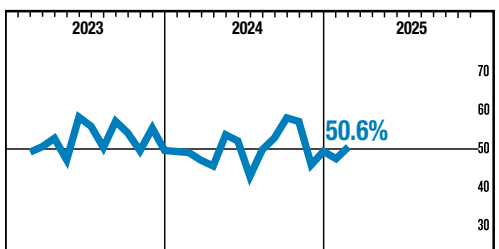
Employment

The Employment Index registered 53.9 percent. The seven industries reporting an increase in employment in February — in the following order — are: Real Estate, Rental & Leasing; Wholesale Trade; Accommodation & Food Services; Other Services^{††}; Utilities; Finance & Insurance; and Construction.



Supplier Deliveries

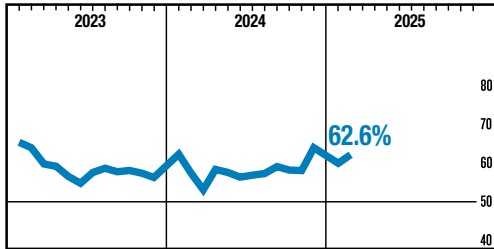
The Supplier Deliveries Index registered 53.4 percent. The nine industries reporting slower deliveries in February — in the following order — are: Management of Companies & Support Services; Information; Professional, Scientific & Technical Services; Educational Services; Health Care & Social Assistance; Public Administration; Finance & Insurance; Wholesale Trade; and Utilities.



Inventories

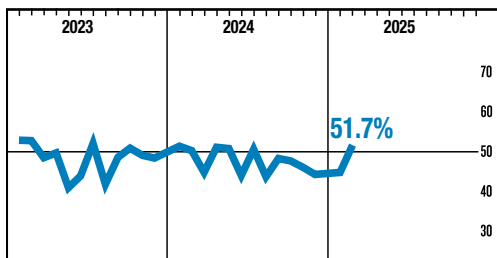
The Inventories Index registered 50.6 percent. The seven industries reporting an increase in inventories in February — in the following order — are: Agriculture, Forestry, Fishing & Hunting; Retail Trade; Accommodation & Food Services; Utilities; Information; Health Care & Social Assistance; and Construction.

^{††}Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services and Dating Services).



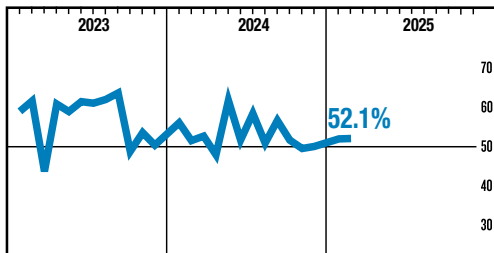
Prices

The Prices Index registered 62.6 percent. Sixteen of the 18 services industries reported an increase in prices paid during the month of February, in the following order: Accommodation & Food Services; Other Services^{†*}; Construction; Information; Public Administration; Arts, Entertainment & Recreation; Wholesale Trade; Utilities; Transportation & Warehousing; Educational Services; Finance & Insurance; Professional, Scientific & Technical Services; Management of Companies & Support Services; Real Estate, Rental & Leasing; Health Care & Social Assistance; and Retail Trade.



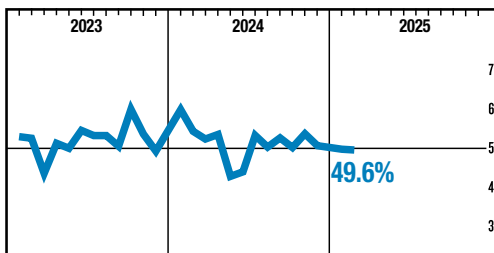
Backlog of Orders

The ISM Services Backlog of Orders Index registered 51.7 percent. The seven industries reporting an increase in order backlogs in February — in the following order — are: Agriculture, Forestry, Fishing & Hunting; Construction; Retail Trade; Health Care & Social Assistance; Utilities; Transportation & Warehousing; and Professional, Scientific & Technical Services.



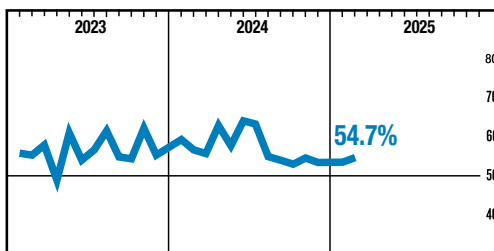
New Export Orders

The New Export Orders Index registered 52.1 percent. The three industries reporting an increase in new export orders in February are: Construction; Finance & Insurance; and Information.



Imports

The Imports Index registered 49.6 percent. The four industries reporting an increase in imports for the month of February are: Agriculture, Forestry, Fishing & Hunting; Educational Services; Health Care & Social Assistance; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Services Inventory Sentiment Index registered 54.7 percent. The nine industries reporting sentiment that their inventories were too high in February — listed in order — are: Mining; Retail Trade; Utilities; Construction; Information; Wholesale Trade; Educational Services; Professional, Scientific & Technical Services; and Health Care & Social Assistance.

^{†*}Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services and Dating Services).

About This Report

DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire U.S., while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used in calculating the results of the national report.

The data presented herein is obtained from a survey of manufacturing and services supply executives based on information they have collected within their respective organizations. ISM® makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

Data and Method of Presentation

The **Manufacturing ISM® Report On Business®** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Panel is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industries' contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. According to BEA estimates (the average of the fourth quarter 2023 GDP estimate and the GDP estimates for first, second, and third quarter 2024, as released on December 19, 2024), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Computer & Electronic Products; Food, Beverage & Tobacco Products; Machinery; and Petroleum & Coal Products.

The **Services ISM® Report On Business®** (formerly the Non-Manufacturing ISM® Report On Business®) is based on data compiled from purchasing and supply executives nationwide. Membership of the Services Business Survey Panel (formerly Non-Manufacturing Business Survey Panel) is diversified by NAICS, based on each industry's contribution to gross domestic product (GDP). The Services Business Survey Panel responses are divided into the following NAICS code categories: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Construction; Wholesale Trade; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Arts, Entertainment & Recreation; Accommodation & Food Services; Public Administration; and Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services). The data are weighted based on each industry's contribution to GDP. According to BEA estimates (the average of the fourth quarter 2023 GDP estimate and the GDP estimates for first, second, and third quarter 2024, as released on December 19, 2024), the six largest services sectors are: Real Estate, Rental & Leasing; Public Administration; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance.

Survey responses reflect the change, if any, in the current month compared to the previous month. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (for Manufacturing: New Orders, Production, Employment, and Inventories) (for Services: Business Activity, New Orders, Employment and Prices) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. The remaining indexes have not indicated significant seasonality. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them.

The Manufacturing PMI® is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries, and Inventories (seasonally adjusted). The Services PMI® is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change.

A Manufacturing PMI® reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A Manufacturing PMI® above 42.3 percent, over a period of time, indicates that the overall economy, or gross

domestic product (GDP), is generally expanding; below 42.3 percent, it is generally declining. The distance from 50 percent or 42.3 percent is indicative of the extent of the expansion or decline. A Services PMI® reading above 50 percent indicates that the services economy is generally expanding; below 50 percent indicates that it is generally declining. A Services PMI® above 48.6 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.6 percent, it is generally declining. The distance from 50 percent or 48.6 percent is indicative of the strength of the expansion or decline. With some of the indicators within the Manufacturing ISM® Report On Business®, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The *Report On Business®* surveys are sent out to Manufacturing and Services Business Survey Panel respondents the first part of each month. Respondents are asked to report on information for the current month for U.S. operations only. ISM® receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses to give the most accurate picture of current business activity.

The industries reporting growth, as indicated in the monthly reports, are listed in the order of most growth to least growth. For the industries reporting contraction or decreases, those are listed in the order of the highest level of contraction/decrease to the least level of contraction/decrease.

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